Closing Bases: What It Means for Commissaries and Exchanges

8910-1
2/23/89

Military Market

MAGAZINE FOR THE MILITARY RESALE SYSTEM | ARMY TIMES PUBLISHING COMPANY | FEBRUARY 1989 $4.00

Everyone's Congressman

MMMD20814 0389 5 02 C 01
CONG INFO SVC-STAT REF
KEVIN KENDRICK
4520 E WEST HWY-6800
BETHESDA MD 20814

Bill Nichols
(1918 to 1988)

A tribute to an all-American: scholar, football star, soldier, businessman, family man. This veteran House member was a friend to GIs, farmers, teachers and churchgoers.

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serving the military resale system

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MILITARY MARKET (USPS 911-580): Published 12 times a year by the Army Times Publishing Co., a division of The Times Journal Co., Springfield, Va. 22159-0210. Single copies: $4, except January Buyers Guide, July Directory: $10 each. Subscriptions: 1 year, $52 (outside U.S., $65.); 2 years, $90 (outside U.S., $105); 1 year, outside U.S. via airmail, $200. Second class postage paid at Springfield, Va., and additional mailing offices.
POSTMASTER: Send address changes to Military Market Magazine, Springfield, Va. 22159-0210.

A Packaging Revolution

At first, frozen food marketers viewed microwaves as useful sales promoters. Now, it's frozen food (and other) packaging that accommodates microwave technology.

By KAREN McBETH
Associate Editor

If it weren't for the microwave oven, frozen foods might have remained lifeless in their coffin cases. Now that 70 percent of households own the appliance, veteran industrials like Du Pont and 3M are teaming up with frozens manufacturers to create packages that do magical things in a microwave.

Packaging innovations have revitalized the frozen food industry and created a new category to compete with it: shelf-stable microwavables.

Consumers crave convenience, but they don't want to pay too much for special packaging, Michael Kashtock told MILITARY MARKET. Kashtock is a senior research technologist for the National Food Processors Association.

SAMI/Burke data for the year ending in March 1988 show that products made just for microwaves gained 51 percent, and a recent *Parade Magazine* survey of 2,000 people found that 60 percent look for products with microwave instructions.

Although dual-ovenable products were "in" for a while, the trend now is toward items targeted to either the microwave or the conventional oven, said Cindi Rockwell, director of publications for the National Frozen Food Association.

"It's difficult to make a product that's just as good in both" formats, she told MILITARY MARKET.

Frozens Continue Sales Expansion

As of March 1988, SAMI/Burke showed frozen food sales up 37 percent in a 52-week period. Analysts say the growing segments are mid-priced entrees, fast-food-style sandwiches, vegetables, poultry and breakfast items. Low-calorie frozens are growing slightly, while sweet goods, meats and ethnic foods are declining. Sales of premium entrees dropped as much as 30 percent in 1987, and manufacturers are lowering prices and adding coupons on some lines.

The Air Force Commissary Service sees the frozen food category to be growing and is expanding the frozen food section in stores where it's possible. Spokesman Mike Hawkins told MILITARY MARKET that 30 percent of commissaries now have three rows of cases instead of two, and new stores will have three rows.

The Navy Resale and Services Support Office has recognized the importance of the microwave, and microwave frozens are in a special section heralded by a neon sign. "Microwavable foods have grown so much in popularity, they are becoming their own merchandise group," said spokeswoman Maureen Murray. "By grouping the meat and frozen foods into separate sections, it makes customer selections easier."

However, civilian retailers who experimented with the concept of special display areas for microwavables found that people shop categories, not sections and that it's better to integrate microwave products within the regular category.

The Troop Support Agency reports that frozen food sales for fiscal 1988 were $28,442,425 — about 6 percent of total commissary sales.

The Shelf-Stable Challenge

According to SAMI/Burke, shelf-stable microwavable products gained 769 percent in sales for the year ending in March 1988. Dinners and entrees experienced phenomenal growth.

Some industry analysts have reservations, however. They say the U.S. consumer might not be ready to accept the shelf-stable concept because they question freshness.

The National Food Processors' Kashtock said packaging these products is more difficult because barrier materials must keep oxygen out and withstand the cooking environment.

"It's a bigger challenge technologically because you're calling on the package to do things it doesn't do in the frozen market. It has put that product category [shelf stables] a few years behind."

NAVRESSO draws attention to shelf-stable microwavables, which are located within their normal categories, by using shelf tags. Hawkins said AFCOMS is "making room for shelf-stable microwavables."

Packaging Goes High-Tech, Too

Microwavable frozens and shelf-stables rely on a combination of simple but highly sophisticated packaging.

Dual-ovenable paperboard is still around, and, according to Kashtock, is "quite popular. . . . It's a combination of fairly inexpensive packaging and convenience in preparation."

And aluminum has come full circle. Micro Match Packaging Systems, a division of Alcan Aluminum, developed a new kind of aluminum tray with a plastic skirt, so electric arcing won't damage the microwave. The company sells containers that have a plastic and foil lid, which uses clusters of aluminum "antennae" to steer heat to specific areas (or foods) within the package. This system can heat a frozen entree, for instance, while keeping ice cream in the same package hard.

For products where browning or crisping is important, susceptors are

BY MAUREEN MURRAY — NAVRESSO

MICROWAVE MANIA: Popularity is so high that many Navy commissaries have their own microwave sections.

becoming the norm. These are plastic or polyester film strips that have been aluminized. The aluminum is deposited in the plastic, so that the material absorbs heat and then reflects it in high levels onto the food.

"What's happening is that packaging is playing a role in cooking the food," Kashtock explained.

Susceptors are found on the inside of popcorn bags, and in packages containing pizza, fish sticks, French fries and waffles. The growing popularity of frozen fast-foods depends on susceptors, which keep buns from getting soggy and make French fries crispy.

An example of how special technology makes crispy French fries is the process used by Golden Valley Microwave Foods. Potatoes are pulverized, partially dehydrated, and forced through an extruder to form four-inch pieces. They are passed through a continuous fryer until they are 70 percent cooked and then packaged with susceptors. The susceptor procedure causes the outside of the fries to cook first so that moisture is sealed in; the fries don't get soggy.

Golden Valley is still working on the fry, which may be in full production by October of this year.

However, according to *Science and Technology* magazine, susceptors "can't solve every browning problem," and they lose efficiency when bent. So companies are developing flexible susceptors, which may soon be used in microwavable products.

Leigh Mardon Ltd., the research and development arm of Amatil Ltd., an Australian company, has developed a susceptor wrap — a roll just like aluminum foil. Du Pont is working with the Campbell Soup Microwave Institute to develop a similar product.

Shelf-stable entrees like Hormel's Top Shelf or General Foods' Impromptu lines are vacuum-packed and cooked using special processes. They use crystallized polyethylene terephthalate (CPET) trays that have foil-based lidding and are domed with opaque plastic. Del Monte heat-seals its vegetable side dishes.

ConAgra precooks the meat, vegetables and potatoes in its frozen Armour Dinner Classics at different temperatures. Then, when the dinner is zapped in a microwave, everything is done at the same time.

ConAgra was the first to use doneness indicators, which were developed by 3M Corp. These are blue and white strips of pressure-sensitive material, inside a plastic capsule. As steam warms the indicator, the blue colorant melts and spreads over the white. The dinner is done when the strip turns from white to blue.

Hormel entered the packaging contest with its microwavable bacon, a refrigerated product. Steam from the cooking bacon puffs up the bag that contains it, so that heat is concentrated like an internal minibroiler. A self-venting slit on top allows enough steam to escape so that the bacon turns brown and crisp. Small pouches with absorbant tissue take up the bacon grease as it cooks. MM

NAVRESSO's top five frozen

1 — Minute Maid Orange Juice
2 — Banquet Fried Chicken
3 — Tropicana Orange Juice
4 — Cool Whip Topping
5 — Ore-Ida Crinkle-Cut French Fries

TSA's top-selling frozen manufacturers/brands

Bakery —	(1) Lender's Bagels (2) Sara Lee
Fruits and juices —	(1) VIP fruit (2) Minute Maid Orange Juice
Frozen prepared foods —	(1) Banquet (2) Swanson
Pizza —	(1) Tony (2) Celeste
Frozen vegetables —	(1) VIP (2) Ore-Ida

NAVRESSO's frozen foods as a percent of grocery sales

Fiscal 1988 — 9.5%
Fiscal 1987 — 9.6%
Fiscal 1986 — 9.1%

update

A second construction list from Congress —

On Dec. 19, the House Armed Services Committee's Morale, Welfare and Recreation Panel released a second list of approved construction projects for fiscal 1989.
[See list on facing page.]

The list, and its attached cover letter, addresses the balance of the non-appropriated fund construction requests that were presented to the panel by the Department of Defense on Sept. 20, The panel did its first evaluation of the list in mid-October. *[See November 1988 issue.]*

The panel approved many of the projects on which it had requested additional data, though it continued to delay or defer decisions on a number of others, primarily privately-financed fast food operations.

In his letter, Rep. Marvin Leath, D-Texas, chairman of the panel, explained that the members are "withholding a decision on the proliferation of privately financed and operated facilities pending an evaluation by DoD of terms and conditions governing these contracts as well as the long-range plans for these initiatives and the associated impact upon the traditional MWR and exchange mission."

The new list approves 42 more projects, 13 of which are additions or alterations to commissaries. Seven of the projects are exchange-related.

The panel again delayed making a decision on the proposed $39-million northern California distribution center for the Army and Air Force Exchange Service. The list indicates that additional data is still required on this project, primarily information about where AAFES wants to locate the facility.

Additional data is also requested on the Nathan Hale QM Area commissary warehouse addition in Germany and on the Vogelweh AB, Germany, commissary.

The panel deferred decisions on the exchange retail store/commissary at the Naval Support Office at La Maddalena, Italy; on the George AFB, Calif., commissary and on the Bangor International Airport, Maine, shopping center.

Leath's letter also questioned the large amounts the Army is investing in Fort Wainwright, Alaska, facilities. While the panel approved the $14 million commissary that was requested in the fiscal 1989 budget, Leath questioned the additional $15 million that the Army may request for fiscal 1990. He said the panel wants the Army and Air Force to pursue a joint-use recreation area for the Fairbanks area.

Combined with the package of projects approved Oct. 13, the panel has okayed more than $400 million in morale, welfare and recreation construction for 1989. About 50 additional projects worth more than $85 million are still under consideration.

Those projects are not constructed with tax dollars, but with funds collected from exchange profits, MWR fees and commissary surcharges. The MWR panel has to approve Defense Department plans to spend those funds, however.

Vendors' promotions enable stores to give to charities

Although the season for gift-giving and goodwill has passed, the spirit goes on for commissaries. Charity donations occur year-round in conjunction with manufacturer-sponsored promotions.

Vendors ask the stores to promote the fact that a portion of the case-lot price goes to a charity. The average amount donated per case is about 25¢, although it can be as much as $1. The promotions normally last about two months, and the donation is made in the name of the military service. Often the items are sold with a VPR.

☐ The Troop Support Agency has cooperated in these programs for many years. Since TSA first began participating in 1984, donations have gone up by more than 700 percent.

As of the end of fiscal 1988, cause-oriented promotions in TSA raised $279,800 — $131,800 went to Army Emergency Relief; $40,000 to the USO; $80,000 to Special Olympics, and $28,000 to the Girl Scouts.

Several promotions not included in these figures began in fiscal 1988 and will end during FY '89, including programs for donations to the Boy Scouts and Girl Scouts, Dollars for Scholars, USO, Mothers Against Drunk Driving, Special Olympics, the U.S Olympic Team, the Association for Retarded Citizens, the Muscular Dystrophy Association and the Ronald McDonald House.

Beginning in 1989, Procter and Gamble Co., C. Lloyd Johnson Co. and Scott Paper Co. will work with TSA on promotions to benefit the Special Olympics, Uniform of the Day, the USO, Ronald McDonald House and the Girl Scouts.

☐ The Navy Resale and Services Support Office participated in 17 charitable promotions during 1988. As of November, these had raised about $80,000. Manufacturers participating included P&G, General Foods, Lever Brothers, Colgate-Palmolive, Dial Co., C. Lloyd Johnson Co., Dixon Marketing, Scott Paper Co. and Boyle-Midway.

From these, the following charities will receive donations: the Navy Relief Society, the U.S. Military Sports Association, Base Youth Centers, Special Olympics, Second Harvest, Just Say No Foundation, Toys for Tots, Ronald McDonald House, Tools for Schools, Children's Miracle Network, Navy Wives Clubs of America, the USO, and the Boy Scouts and Girl Scouts. (Scouting donations go to troops in the same area as the commissary or exchange that sponsored the promotion.)

☐ The Air Force Commissary Service and Marine Corps commissaries don't keep track of money raised through charitable promotions in their stores. Most of the time, manufacturers coordinate and promote any charitable fundraisers.

Cause-marketing activities are becoming commonplace. According to *Business Week*, cause-related campaigns generate about $100 million of the $4.6 billion donated annually to charities by major corporations.

MWR Construction Status

(AD means additional data is required)
(indicates a new request)*

INSTALLATION	PROJECT	COST ($000)	STATUS
GERMANY			
Augsburg	comsy whse addn	$2,350	
Ben Franklin Village Hsg	comsy extension	$3,050	
Nathan Hale QM Area	comsy whse addn	$1,350	AD
Rheinberg Kaserne	main exch retail store	$2,900	
Smith Barracks	comsy whse addn	$1,750	
Soesterberg AB	add/alter-comsy	$850	
Vogelweh AB	comsy	$9,900	AD
Wolfgang Kaserne	gas sta/car wash	$1,000	DEFER
GUAM			
NS Guam	fast food	$0	AD
ICELAND			
NS Keflavik	fast food	$0	AD
ITALY			
NSO LaMaddalena	exch retail store/comsy	$697	DEFER
NSO LaMaddalena	exch retail store/comsy	$1,138	DEFER
JAPAN			
Camp Zama	car care center	$1,050	
FA Yokosuka	exch flt support facilities	$1,250	
SPAIN			
NS Rota*	fast food	$0	AD
CALIFORNIA			
George AFB	comsy	$8,500	DEFER
MCB Camp Pendleton	fast food mall	$2,548	AD
MCB Camp Pendleton	repl fill sta-Chappo (22) Area	$555	
MCB Twentynine Palms	fast food	$1,433	AD
MCB Twentynine Palms	installation restaurant	$1,450	AD
NAS Lemoore	fast food	$0	AD
NAS Long Beach	fast food	$0	AD
NS Mare Island	fast food	$0	AD
NAS Miramar	fast food	$0	AD
NAS Moffett Field	fast food	$0	AD
NAS North Island	multi food court	$1,200	AD
NAS North Island	fast food	$0	AD
NAS Point Mugu	fast food	$0	AD
NCBC Port Hueneme	fast food	$0	AD
NAS San Diego	fast food	$0	AD
NAS San Diego	fast food	$0	AD
NS San Diego	multi food court	$1,200	AD
Northern California	N. Cal. dist. center	$39,000	AD
Presidio of Monterey	fast food	$0	
CONNECTICUT			
NSB New London	fast food	$0	AD
FLORIDA			
Eglin AFB Aux Field #9	comsy	$5,800	
Eglin AFB Aux Field #9	fast food	$0	
NAS Pensacola	fast food	$700	AD
NAS Whiting Field	fast food	$0	AD
NTC Orlando	fast food	$0	AD
GEORGIA			
NSCS Athens	fast food	$0	
Robins AFB	fast food	$0	

INSTALLATION	PROJECT	COST ($000)	STATUS
HAWAII			
NAS Barbers Point	fast food	$0	AD
NS Pearl Harbor	fast food	$0	AD
ILLINOIS			
NTC Great Lakes	multi food court	$1,200	AD
NTC Great Lakes	multi food court	$1,200	AD
LOUISIANA			
Ft. Polk	branch exch (conv)/gas	$960	
Ft. Polk	expand branch exch (conv)/gas	$700	
MAINE			
Bangor Intl AP	shopping center	$2,300	DEFER
MICHIGAN			
Selfridge ANG*	commissary	$6,200	
Selfridge ANG	package beverage store	$565	
MISSOURI			
Fort Leonard Wood*	commissary	$9,700	
Whiteman AFB	fast food	$0	AD
Whiteman AFB	shopping center	$5,000	
Whiteman AFB	add/alter-comsy	$2,000	
MISSISSIPPI			
NCBC Gulfport	fast food	$0	AD
NAS Meridian	fast food	$0	AD
NORTH CAROLINA			
MCB Camp Lejeune	fast food court	$2,730	AD
MCB Cherry Point	auto service ctr	$1,540	AD
Seymour-Johnson AFB	addn to comsy	$3,950	
Seymour-Johnson AFB	fast food	$0	
NORTH DAKOTA			
Grand Forks AFB	add/alter-comsy	$1,200	
NEW YORK			
Griffiss AFB	comsy addn	$1,200	
NS Staten Island*	fast food	$0 AD	
PENNSYLVANIA			
NS Philadelphia	fast food	$0	AD
RHODE ISLAND			
NETC Newport	fast food	$0	AD
SOUTH CAROLINA			
Ft. Jackson	branch exch (conv)/gas	$880	
NS Charleston	fast food	$0	AD
SOUTH DAKOTA			
Ellsworth AFB	comsy	$6,700	
TENNESSEE			
NAS Memphis	fast food	$0	AD
UTAH			
Hill AFB	comsy addn	$1,900	
VIRGINIA			
FETC Dam Neck	fast food	$0	AD
NAS Oceana*	fast food	$0	AD
NNSY Portsmouth	fast food	$0	AD
WASHINGTON			
NSB Bangor	fast food	$0	AD

Military Market index

COMMISSARIES

		OCTOBER			YEAR TO DATE		
		CY'88	CY'87	% CHANGE	CY'88	CY'87	% CHANGE
	CONUS	$169,924	$175,174	-3.00	$1,634,676	$1,616,063	1.15
	OVERSEAS	36,958	38,265	-3.42	368,492	345,431	6.68
AIR FORCE	TOTAL	**206,882**	**213,439**	**-3.07**	**2,003,168**	**1,961,495**	**2.12**
	CONUS	118,230	123,795	-4.50	1,151,045	1,129,275	1.93
	OVERSEAS	44,310	45,360	-2.31	430,290	400,155	7.53
ARMY	TOTAL	**162,540**	**169,155**	**-3.91**	**1,581,335**	**1,529,430**	**3.39**
	CONUS	61,786	59,599	3.67	646,527	629,046	2.78
	OVERSEAS	6,760	6,958	-2.85	73,110	70,404	3.84
NAVY	TOTAL	**68,546**	**66,557**	**2.99**	**719,638**	**699,451**	**2.89**
	CONUS	13,814	14,892	-7.24	138,815	136,285	1.86
	OVERSEAS	309	361	-14.40	3,031	2,829	7.14
MARINE CORPS	TOTAL	**14,123**	**15,254**	**-7.41**	**141,847**	**139,114**	**1.96**
	CONUS	271	242	11.98	2,664	2,503	6.43
	OVERSEAS	335	284	17.96	2,918	3,021	-3.41
COAST GUARD	TOTAL	**606**	**526**	**15.21**	**5,582**	**5,523**	**1.07**
	CONUS	$364,025	373,702	-2.59	3,573,727	3,513,172	1.72
ALL	OVERSEAS	$88,672	91,228	-2.80	877,841	821,840	6.81
COMMISSARIES	TOTAL	**$452,697**	**$464,930**	**-2.63**	**$4,451,568**	**$4,335,012**	**2.69**
GROCERY STORES	*U.S.*[1]	*$26.429*	*25.369*	*4.18*	*257.066*	*245.735*	*4.61*

EXCHANGES

		OCTOBER			YEAR TO DATE		
		CY'88	CY'87	% CHANGE	CY'88	CY'87	% CHANGE
	CONUS	$293,336	$273,276	7.34	$2,751,122	2,592,857	6.10
	OVERSEAS	231,315	224,063	3.24	2,175,412	1,958,624	11.07
AAFES	TOTAL	**524,651**	**497,339**	**5.49**	**4,926,534**	**4,551,481**	**8.24**
	CONUS[2]	101,144	106,917	-5.40	1,010,613	936,300	7.94
	OVERSEAS[2]	40,665	44,660	-8.95	439,721	405,117	8.54
NAVY	TOTAL[2]	**141,809**	**151,577**	**-6.44**	**1,450,334**	**1,341,417**	**8.12**
	CONUS	32,008	31,332	2.16	300,954	291,649	3.19
	OVERSEAS	5,255	5,127	2.50	51,725	50,258	2.92
MARINE CORPS	TOTAL	**37,263**	**36,459**	**2.21**	**352,680**	**341,907**	**3.15**
	CONUS[3]	6,604	6,739	-2.00	64,837	66,160	-2.00
	OVERSEAS[3]	492	502	-1.99	4,830	4,928	-1.99
COAST GUARD	TOTAL[3]	**7,096**	**7,241**	**-2.00**	**69,666**	**71,088**	**-2.00**
	CONUS[4]	1,381	1,274	8.40	12,242	12,985	-5.72
	OVERSEAS[4]	2,281	2,112	8.00	19,656	21,674	-9.31
MAIL ORDER	TOTAL[4]	**3,662**	**3,386**	**8.15**	**31,898**	**34,659**	**-7.97**
	CONUS	$434,473	$419,538	3.56	$4,139,768	$3,899,951	6.15
	OVERSEAS	$280,008	$276,464	1.28	$2,691,344	2,440,601	10.27
ALL EXCHANGES	TOTAL	**$714,481**	**$696,002**	**2.66**	**$6,831,112**	**$6,340,552**	**7.74**
DEPARTMENT STORES	*U.S.*[1]	*$12.995*	*$12.433*	*4.52*	*$113.425*	*$108.521*	*4.52*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in thousands (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.
NOTE: Distribution of sales by CONUS and overseas is based on definition by respective service and system. Figures do not include sales tax.